

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



**CORRECTED
FISCAL NOTE**

SB 1504 – HB 1676

April 13, 2009

SUMMARY OF BILL: Reduces from 20 to 15 calendar days the time after the end of each month that any licensed agent shall submit information as required by the Commissioner of Revenue to facilitate compliance with the Tobacco Master Settlement Agreement. Requires each licensed agent to provide specified information within their monthly reports. Increases from five to seven years the time period that licensed agents are required to maintain such records. Authorizes the Commissioner of Revenue to impose and collect a penalty not to exceed \$100 per day for the failure of a distributor or wholesaler to timely or accurately comply with the provisions of this bill. Requires all collected penalty funds be deposited to the general fund. Creates a Class E felony for the submission in a report of a false statement by a licensed agent. Authorizes the Commissioner of Revenue to suspend or revoke the license of any agent who knowingly files false distributor reports.

ESTIMATED FISCAL IMPACT:

On March 19, 2009, a fiscal note for this bill was issued indicating an *increase to state revenue of less than \$50,000 per year*, and an *increase to state expenditures of \$17,800/Incarceration*. Based on additional information, the fiscal impact for this bill is estimated as follows:

(CORRECTED)

Increase State Revenue – \$10,000

Increase State Expenditures – \$7,100/Incarceration*

Assumptions:

- There could be an increase to state revenue derived from assessed penalties and fines. Any such increase is dependent upon the number of agents submitting inaccurate reports, the number of inaccurate reports submitted, and the number of days that each agent would be out of compliance. Determining a precise estimate for the extent of such

increase is difficult due to these unknown factors. However, such increase is reasonably estimated to be \$10,000 per year.

- According to DOC, the average operating cost per offender per day for calendar year 2009 is \$59.80.
- According to the U.S. Census Bureau, population growth in Tennessee has been 1.12 percent per year for the past 10 years, yielding a projected compound population growth of 11.78 percent over the next 10 years. No significant incarceration cost increase will occur due to population growth in this period.
- According to DOC, the average post-conviction time served for a Class E felony is 1.63 years. It is estimated that there will be one Class E felony every five years with 1.63 years time served (594.45 days). The annualized time served per conviction is 118.89 (0.20 annual number of convictions x 594.45 days). The annualized cost per conviction is \$7,109.62 (\$59.80 x 118.89 days).
- No recidivism discount has been applied since the length of the additional sentence is not sufficient for any re-offenders to serve additional time in the prison system under current law within the time added by this bill.

**Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc